

A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

DECEMBER 20, 1936

Industrial Relations to Be Presented as Problem of National Concern at AMA's Personnel Meeting

Conference in Philadelphia Feb. 9-10-11 to Treat Personnel Subjects from General Management Standpoint

"Industrial Relations—A 1937 National Problem," is to be the keynote of the Conference which the Personnel Division, under the direction of Divisional Vice-President Thomas G. Spates, Director of Industrial Relations, General Foods Corporation, will hold in Philadelphia on February 9-10-11.

That industrial relations has now become a problem of national concern is widely recognized. The success of previous AMA Personnel Conferences gives assurance that the coming conference will have practical value.

It will be emphasized at the outset of the meeting that industrial relations is no longer a mere phase of management, but *general management's principal problem*. From that point on the sessions will be placed on a laboratory basis, with discussion of specific employer-employee situations.

Spates Keynoter

Keynoter of the conference will be Mr. Spates, who will open the sessions on Tuesday morning, February 9, with an address on "What Management Faces Today in Industrial Relations Trends."

From this "spring-board" address the conference will plunge into practical discussion of such subjects as: the formulation of labor policy; employee representation; trade union agreements; technique of wage negotiations; problems of personnel administration in connection with social security; the development of executive ability in a business organization; and others.

Speakers and discussion leaders are being selected for special qualifications. Some of those who will be heard include: Virgil Jordan, President of the National Industrial Conference Board; Alvin E. Dodd, President of the AMA; W. L. Batt, President, SKF Industries, Inc.; Eric A. Nicol, Manager of Personnel, Philadelphia Gas Works Company; Clarence G. Stoll, Vice-President, Western Electric Company, Inc.; J. W. Dietz, Superintendent of Industrial Relations, Western Electric Company, Inc.; Kearny; and W. H. Winans, Industrial Relations Department, Union Carbide Company.

Planning Conference



THOMAS G. SPATES

Printers' Ink Sees 'Method-ists' in AMA

Members of AMA's marketing division will be interested in the following quotations taken from an editorial that appeared in *Printers' Ink* following the Association's Marketing Conference:

"There must be at least a few Method-ists among the membership of the American Management Association. . . . At a marketing meeting last week a large number of business executives indulged in an old-fashioned 'experience meeting.'

"The exigencies of the late depression, it seems, did not cause these wise men to stray off after false gods for very long at a time. Anyway, they are now back on the road that is called straight; they know in what they have believed. . . . They are back to fundamentals.

"It is good that business men now and then do not foresake the assembling of themselves together for an exchange of experiences—for a recital of hopes and fears."

CONFERENCE CALENDAR

Personnel Conference — February 9-10-11, in Philadelphia, Benjamin Franklin Hotel
Production Conference — April 15-16, in Detroit, Hotel Statler
Packaging Conference and Exposition — March 23-24-25-26, in New York City, Hotel Pennsylvania
Insurance Conference — May 24-25, in Atlantic City, Chalfonte-Haddon Hall

Comprehensive File of Office Manuals

The Office Management Conference in 1935 started something when Stanley Farwell gave us a paper on Standard Practice Instructions and Office Manuals, which, by the way, is the best thing of its kind in print.

At our Conference this year, George Harris described a new office manual prepared by the Addressograph-Multi-graph Corporation, which not only gives regulations but explains the reasons for the existence of these regulations and makes clear company policy on various matters. Thus this type of manual constitutes a company policy program as well.

Last summer the AMA assisted the New York purchasing offices of the U. S. Army in the preparation of an office manual which would actually constitute standard office instructions. From the Office Management Division of the AMA the U. S. Army obtained samples of manuals which it later turned over to our library—furnishing us with a small but interesting collection of representative office manuals and employee handbooks.

We should be glad to add to this collection and to receive any manuals or standard practice instructions from any members who did not contribute to the U. S. Army study and who have material of this kind which they would be

Proceedings Ready

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PACKAGING RULES ARE PUBLISHED

**Brochure Announcing Jurors for
Contest and Classifications Is
Released**

The brochure on the Sixth Annual Packaging Competition, containing the names of the Jurors who will serve on the Jury of Award and the twenty classifications in which packages may be entered, was published this week by AMA and will be distributed shortly.

It was emphasized in connection with the entering of packages in the competition that all entries must be received at the competition headquarters, 232 Madison Avenue, New York City, *not before January 1, 1937, and not after February 10, 1937.*

The Jurors are: Richard F. Bach, Director of Industrial Relations, Metropolitan Museum of Art; James C. Boudreau, Art Department, Pratt Institute; Mrs. Lillian M. Gilbreth, President, Gilbreth, Inc.; T. V. Houser, General Merchandise Manager, Sears, Roebuck & Co.; C. B. Larrabee, Managing Editor, Printers' Ink Publications; Edwin I. Marks, Vice-President, R. H. Macy & Co.; Mrs. William Brown Meloney, Editor, *This Week*; Ray M. Schmitz, Associate Merchandising Manager, General Foods Sales Co.; W. H. Wentrauh, Publisher, Esquire, Inc.

Insurance, Production Dates Are Selected

In April and May

Dates for two other AMA conferences were announced this week.

Earl M. Richards, Vice-President in charge of the Production Division, and Assistant to the Vice-President in Charge of Operations, Republic Steel Corporation, reported that the Production Division would hold its conference in Detroit, Mich., on April 15-16, at the Hotel Statler.

The dates for the Insurance Conference were announced by T. W. Dinlocker, Secretary and Treasurer, SKF Industries, Inc., Vice-President of the Insurance Division. The conference will take place at Atlantic City on May 24-25 at Chalfonte-Haddon Hall.

Conference on Taxation and Finance Proves Boon to Many Corporation Comptrollers and Treasurers

250 Attend Helpful Sessions at Waldorf-Astoria

What's hardest? Handling money, handling men, or handling materials?

Two hundred and fifty company comptrollers and treasurers showed no hesitation in answering that question last week at AMA's conference on taxation and finance held at The Waldorf-Astoria, New York City. It's money, they said, getting it, holding it, giving it.

Giving it (taxes—bonuses—dividends) is the problem that is vexing companies now, and the conference plunged into that subject, beginning with the Revenue Act of 1936, the Securities Act, the windfall tax and winding up with an informal discussion of the effects of Social Security legislation.

Named Secretary



H. J. HOWLETT

The appointment of Henry J. Howlett as Secretary of the AMA was announced this week by Alvin E. Dodd, President of the Association. The appointment was made at a meeting of the Executive Committee held on December 8.

Mr. Howlett has been Manager of the Association's Membership Department for more than a year, and has contributed greatly to the revitalizing of that portion of the Association's activities.

Mr. Howlett received his early business training with the American Telephone and Telegraph Company. He has a background of experience both in finance and sales, and at one time was Vice-President and Treasurer of the Repetti Candy Company, Inc., going

Coming a few weeks before the end of 1936, the conference proved a definite boon to the fiscal officers who attended, because it brought out specific suggestions and recommendations as to the filing of tax returns, and other information that is important at this time of year.

A number of harassed comptrollers, after receiving categorical advice on specific situations, left the conference and went to their offices to put the recommendations into effect, only to reappear in a few hours to ask more questions. That went on throughout the sessions. And certain papers were of such importance that they had to be mimeographed on the spot and distributed to the registrants.

Revision Urged

There was, of course, ample discussion of the longer term aspects of corporate finance and taxation. Speakers definitely urged revision of the present tax law, advised on company policies in regard to compensation, and spoke on the effects of social security legislation on investments and banks.

The luncheon meeting that took place on the second day of the conference was presided over by James O. McKinsey, Chairman, Marshall Field & Company, Chairman of AMA's Board. Paul N. Reynolds, Executive Director of the Wisconsin Taxpayers' Alliance, addressed the group, speaking on constructive economies in government. Mr. Reynolds dwelt on the situation existing in Wisconsin, pointing out that conditions in that state could be applied to almost any section of the country.

later into the investment banking business. For some time he was with the Piggly-Wiggly Corporation engaged in sales promotion activities.

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advice from the sources.

BUSINESS CONDITIO

Vol. 9, No. 12

Dec

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	
GENERAL OUTLOOK	The current year will represent the fourth consecutive year of expansion in national income; the national income this year will be the largest since 1930, but considerably below the record high of 1929 (December 5).	In the weeks before the election, and shortly thereafter, business was good; nevertheless, more recent figures show even greater activity; the red-ink area of the Babsonchart has passed into history (December 7).	Business should continue to expand; commodities should be strong; money will remain cheap; bonds will probably maintain a firm tone; stocks are in a long term rising trend, and reactions even if severe, should be temporary (December 5).	Lad to the market and shut-
MONEY AND CREDIT	U. S. banking authorities find the excess reserve balances of the member banks with the Federal Reserve banks increased, the American security market over-stimulated and their own credit policies neutralized (December 3).	There appears to be an even greater abundance of money free to flow into whatever profitable enterprise may be open; as a gauge of financial position, business failures are few in number and low in liabilities involved (December 14).	Under the pressure of super-abundant funds searching for profitable investment and the attraction of improvement in corporate earning power, stocks should go materially higher (December 12).	A credit rates No a tionar
SECURITY MARKETS	Even though an indefinite stay of investment security prices at their present heights is not expected, there is an absence of suggestion of impending tightness which would influence them to more than a minor extent (December 10).	As we interpret the major indicators, the weight of evidence is still bullish for the pull, even tho there may be temporary uncertainty (December 14).	Favorable underlying forces were obscured in the past week by current (and disturbing) happenings; railroad and utility stocks showed greater percentage declines than industrials (December 5).	Gov the T a litt groo-duced to bu
PRODUCTION	The total output of manufactured goods in October was 13.5% larger than the same month last year, and approximately double the volume at the depression's low in July, 1932 (December 12).	There should be no holiday let-down in the activity of the steel mills; railroad and automobile buying are vital factors but requirements are large from general sources; the outlook is for heavy volume carrying into 1937 (December 7).		Ste- tions piled annou was a Dec.
DISTRIBUTION		Department stores report sales 16% above 1935; the seasonal increase has been more than usual; retail sales in the small towns and rural areas are about 21% higher than a year ago (December 7).	Indications are that current retail trade levels are approaching heavy proportions and may reach the best level since 1930. An increase in holiday trade is a sustaining element to promote still further gains well into 1937 (December 5).	Re- Chris- swing- partic- exec- trade- of do
BUILDING		Far-reaching stimulus is expected from the substantial gains in building made in 1936; residential building has been noticeably better; an important incentive for building is the anticipated rise in material and labor costs (December 7).		Cor- its m- with- flectio- contr- 15 (L
AGRICULTURE	The quantity of farm products marketed in October was slightly smaller than October last year; as a result of more inflation this year the decrease in quantity was more than offset by an increase in prices (December 12).		Another small spring wheat crop is probable next year; the demand from Italy and Great Britain is strong presumably because of war preparations; further strength in wheat prices is likely (December 5).	Far- year's return- netted- anothe- expec- \$7,800-
COMMODITY PRICES	The price level of manufactured goods in October was slightly lower than in September or October last year; lower prices were offset by the increase in volume; in value and quantity such goods hit a new peak (December 12).	Continue bullish on commodity prices; expect leading indexes of wholesale prices to push still higher; any reaction should be temporary; the price index is now the highest since July 1, 1930 (December 14).	It is probable that an extensive period of inventory building is beginning; this will be complicated by labor disturbances, local car shortages; lack of productive capacity—result higher commodity prices (December 5).	The- ting- havin- pend- every- must- the S-
FOREIGN TRADE AND CONDITIONS	The rearmament race now going on in Europe and the economic recovery that has taken place in a number of European countries have materially increased the demand for minerals (December 12).	At present world banking and monetary tendencies suggest that expansion abroad may be financed largely by inflation. This movement of foreign capital to the U. S. is on a one way street (December 7).	Demand abroad has been stimulated not only by world recovery progress, but also by increased production of materials needed in the vast foreign armament programs, which appear likely to continue for an indefinite period (December 5).	It i- at wh- settle- say V- becau- access- (Dec-
LABOR AND WAGES	Factory payrolls increased 6.6% in October over September with the total volume at a new recovery peak. The October index was 88.9 compared to 83.4 in the previous month and 76.3 in October a year ago (December 5).	In December, 1936, 1,000,000 more workers are in industry than a year ago; total weekly wage disbursements are \$41,800,000 greater than at this time a year ago; wage rates show a definite upward trend (December 14).		The- union- and r- perity- wage- in qua- rest o

CONDITIONS AND FORECASTS

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BUSINESS WEEK

Labor troubles loomed a little more to the front this week, contributing even to the unsettlement of the stock market. Strikes for wage increases and union recognition have caused shut-downs in some fields (December 5).

A broad scheme of controlling credit to prevent a speculative or inflationary boom, yet to keep interest rates low enough so that the Treasury can borrow economically is here. No amount can insure against inflationary splurges (December 5).

Government bonds are selling at the highest prices of all time and the Treasury believes it needs only a little new money; the market is groomed and ready; banks have reduced holdings of government bonds to buy new issues (December 5).

Steel mills are stepping up operations to take care of the business that piled in following the price increases announced for Dec. 1; more business was accepted than can be completed by Dec. 31 (December 5).

Retail trade is brisk, with the Christmas buying spree now in full swing; many sections of the country particularly in the South, expect to exceed 1929 sales; department store trade, on the whole, has little chance of doing so (December 5).

Construction volume is narrowing its margin over last year compared with former months this year, a reflection of the drive to get P.W.A. contracts under the deadline by Dec. 15 (December 5).

Farm income probably hit the year's high point in October when returns from sale of farm products netted \$886,000,000 and benefits added another \$22,000,000. The year is still expected to yield a cash income of \$7,800,000,000 (December 5).

The drive for price control is getting its second wind, the first spurt having fallen short. Militant independents want a fair trade law for every state. That contract prices must be observed is at issue before the Supreme Court (December 5).

It is too early to estimate correctly at what figure war debts might be settled but it is no exaggeration to say Washington can bargain closely because Europe is now eager to regain access to the American money market (December 5).

The A.F.L. convention is over, and unions will fight for higher wages and make-work laws; signs of prosperity are seen on every hand and wage raises have been coming along in quantity; but A.F.L. plainly will not rest on its oars (December 5).

CLEVELAND TRUST COMPANY

Some important business activities are still below the bottom levels of the depression of 1921, because many have held back till it was certain what was going to happen; now facilities are being increased as fast as profits warrant (December 15).

Interest rates may confidently be expected to remain low next year; it is essential to the carrying forward of the policies of the Administration to have continuing low interest rates; as a corollary, bond prices will remain high (December 15).

Stock prices will surely be high, and probably will advance farther than they have so far; the advancing trend will continue as long as the ownership of stocks is more attractive than the ownership of money (December 15).

Railroad freight traffic promises to be larger in 1937; the purchasing of new equipment by the roads will be greater; rolling stocks purchases have been long deferred. Autos seem likely to keep leadership in the production picture (December 15).

It is easy to demonstrate statistically that we should be entering a building boom, but the necessary conditions for a boom do not now obtain; there should be continuing increases in building, but no real boom as yet (December 15).

Wholesale and retail commodity prices and the cost of living will probably advance in 1937; it is quite unlikely that any price condition that could be termed inflation will develop in 1937 (December 15).

LIBRARY
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SEATTLE

The conclusion seems justified that business will be better in 1937 than in 1936 in spite of foreign unrest, the labor difficulties that may develop here, and the new legislation that Congress may enact (December 15).

GUARANTY TRUST COMPANY

The business trend last month was very definitely toward higher levels and available data indicate that the expansion has proceeded further since November 1 (November 30).

Bank reserves have been swollen by the purchase of government securities by the Federal Reserve banks and by the increase in the monetary gold stock, which, in turn, has been due partly to gold imports and partly to devaluation (November 30).

New security issues last month were larger than in September or a year ago but did not equal the volumes reported in the early part of 1936; the distribution of issues among the various classifications shows no marked change (November 30).

An outstanding feature of the upward industrial trend has been the continued expansion in steel output; the construction industry continues to report gradual progress toward higher levels of activity (November 30).

The adjusted index of construction activity (Guaranty Index) remained unchanged after a series of sixteen consecutive advances. It is decidedly better than it was last year when the index was at 23.0. It now stands at 36.2 (November 30).

The Department of Agriculture stated November 9 that imports of agricultural products for twelve months ended June 30, 1936 were valued at only slightly more than half the average annual figure for 1924-25 to 1928-29 (November 30).

The increases reported in industrial output and in trade volumes have been accompanied by a marked strengthening of commodity prices and predictions are that the volume of holiday trade will be the largest in many years (November 30).

General outlook on foreign trade and conditions is good; in France several industries expect to benefit by the lower prices of their products in terms of foreign currencies (November 30).

A comparison of employment and payrolls shows an increase of more than 1,000,000 in the number of workers employed and a rise of \$41,800,000 in weekly wage disbursements since October, 1935 (November 30).

NATIONAL CITY BANK

Business news gives indications that the word "depression" no longer applies to the general business situation, however, it must be used in connection with the unemployment and a few of the industries (December).

The lightening of investment portfolios by banks had no dampening effect on the bond market; prices of high grade issues moved forward following the election, presumably on the assumption of continued cheap money (December).

Production has risen in many of the major industries, and in others operations have been maintained without check past the time when a seasonal decline usually occurs (December).

Trade evidently will be the best since 1929, in dollars, while the unit volume of goods sold in many lines will be greater than in 1929; the luxury lines are doing well; retail demand generally is for a better quantity (December).

The deficit in houses has not been made up; work on new projects is still being deterred because confidence is still lacking; undoubtedly building would be more active if costs were lower (December).

The farmers are doing well, with a liberal movement of livestock and cotton to market, and increased sales of dairy and poultry products, all at good prices; they are also receiving soil conservation payments (December).

The sudden jump in staple commodity prices was unexpected in so many markets. Nearly all the important industrial raw materials have spurted, also some imported foods and domestic farm products (December).

The problems created by gold movements, capital flights and excess reserves spring from the fear and disorder prevalent in many parts of the world, disturbing trade relations and diverting funds from their normal uses (December).

Wage increases, affecting the entire steel industry, most of the woolen mills, cotton mills, automobile plants and others have become front-page news, and have spread widely through the industries. Employment is rising (December).